

CITY OF OGDEN
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2004

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City of Ogden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2004)		
Mark Trueblood	Mayor	Jan 2004
Brian Reimers	Council Member/Mayor Pro tem	Jan 2006
Lori Anderson	Council Member	Jan 2004
Ed Dobelis	Council Member	Jan 2004
Raymond Elsberry	Council Member	Jan 2004
Lyle Conklin	Council Member	Jan 2006
(After January 2004)		
Mark Trueblood	Mayor	Jan 2006
Brian Reimers	Council Member/Mayor Pro tem	Jan 2006
Lyle Conklin	Council Member	Jan 2006
Lori Anderson	Council Member	Jan 2008
Margaret Liston	Council Member	Jan 2008
Sean Thompson	Council Member	Jan 2008
Judy Wallace	City Clerk/Treasurer	Indefinite
Lee Johnson	Attorney	Indefinite

City of Ogden

CLINE, DeVRIES & ALLEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Ames, Iowa 50010
Phone: 515-233-4060 FAX: 515-233-3703

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City's primary government financial statements listed in the table of contents. These primary government financial statements are the responsibility of the City of Ogden's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these primary government financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 17, during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2004 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government

Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The City has not presented management's discussion and analysis which introduces the primary government financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the primary government financial statements.

Budgetary comparison information on pages 24 through 26 is not a required part of the primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Ogden's primary government financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

November 4, 2004
Ames, Iowa

City of Ogden

Basic Financial Statements

City of Ogden

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2004

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 218,541	20,282	19,003	-
Public works	244,698	4,177	187,941	-
Health and social services	16,922	-	-	-
Culture and recreation	139,866	5,225	97,308	-
Community and economic development	42,653	954	-	-
General government	124,161	-	-	-
Debt service	84,015	-	-	-
Capital projects	182,988	-	-	101,563
Total governmental activities	1,053,844	30,638	304,252	101,563
Business type activities:				
Sewer	253,559	186,691	-	126,000
Total	\$ 1,307,403	217,329	304,252	227,563
General Receipts:				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Utility franchise tax				
Bank franchise tax				
Local option sales tax				
Unrestricted interest on investments				
Dividend				
Miscellaneous				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Prior period adjustment (note 16)				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
(179,256)	-	(179,256)
(52,580)	-	(52,580)
(16,922)	-	(16,922)
(37,333)	-	(37,333)
(41,699)	-	(41,699)
(124,161)	-	(124,161)
(84,015)	-	(84,015)
(81,425)	-	(81,425)
(617,391)	-	(617,391)
-	59,132	59,132
(617,391)	59,132	(558,259)
326,688	-	326,688
76,910	-	76,910
34,421	-	34,421
7,708	-	7,708
11,927	-	11,927
125,581	-	125,581
6,889	7,664	14,553
37,180	-	37,180
316	1,111	1,427
627,620	8,775	636,395
10,229	67,907	78,136
676,013	306,005	982,018
1,895	(1,895)	-
\$ 688,137	372,017	1,060,154
\$ 223,562	-	223,562
22,513	-	22,513
60,150	-	60,150
381,912	372,017	753,929
\$ 688,137	372,017	1,060,154

City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2004

	General	Special Revenue Road Use Tax	Debt Service	Capital Projects Bike Trail
Receipts:				
Property tax	\$ 326,688	-	34,421	-
Other city tax	133,289	-	-	-
Licenses and permits	2,422	-	-	-
Use of money and property	49,594	-	-	-
Intergovernmental	86,192	168,491	-	86,410
Charges for service	707	-	-	-
Miscellaneous	82,597	-	-	156
Total receipts	681,489	168,491	34,421	86,566
Disbursements:				
Operating:				
Public safety	218,541	-	-	-
Public works	135,843	108,855	-	-
Health and social services	16,922	-	-	-
Culture and recreation	139,866	-	-	-
Community and economic development	42,653	-	-	-
General government	124,161	-	-	-
Debt service	-	-	84,015	-
Capital projects	-	-	-	120,527
Total disbursements	677,986	108,855	84,015	120,527
Excess (deficiency) of receipts over (under) disbursements	3,503	59,636	(49,594)	(33,961)
Other financing sources (uses):				
Operating transfers in	76,910	-	49,594	-
Operating transfers out	(104,354)	(10,000)	-	-
Total other financing sources (uses)	(27,444)	(10,000)	49,594	-
Net change in cash balances	(23,941)	49,636	-	(33,961)
Cash balances beginning of year	420,307	173,926	22,513	-
Prior period adjustment (note 16)	(97,134)	-	-	(17,651)
Cash balances end of year - as restated	\$ 299,232	223,562	22,513	(51,612)
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	-	22,513	-
Unreserved:				
General fund	299,232	-	-	-
Special revenue funds	-	223,562	-	-
Capital projects funds	-	-	-	(51,612)
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 299,232	223,562	22,513	(51,612)

See notes to financial statements.

Other Nonmajor
Governmental

Funds	Total
76,910	438,019
-	133,289
-	2,422
-	49,594
15,153	356,246
-	707
1,043	83,796
93,106	1,064,073

-	218,541
-	244,698
-	16,922
-	139,866
-	42,653
-	124,161
-	84,015
62,461	182,988
62,461	1,053,844

30,645	10,229
--------	--------

64,760	191,264
(76,910)	(191,264)
(12,150)	-

18,495	10,229
--------	--------

59,267	676,013
--------	---------

116,680	1,895
---------	-------

194,442	688,137
---------	---------

-	22,513
---	--------

-	299,232
---	---------

-	223,562
---	---------

134,292	82,680
---------	--------

60,150	60,150
--------	--------

194,442	688,137
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City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2004

	Enterprise Sewer Rental
Operating receipts:	
Use of money and property	\$ 7,664
Intergovernmental	126,000
Charges for service	186,691
Miscellaneous	1,111
Total operating receipts	<u>321,466</u>
Operating disbursements:	
Business type activities	<u>232,959</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>88,507</u>
Non-operating receipts (disbursements):	
Debt service	<u>(20,600)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>67,907</u>
Cash balances beginning of year	306,005
Prior period adjustment (note 16)	<u>(1,895)</u>
Cash balances end of year	<u>\$ 372,017</u>
Cash Basis Fund Balances	
Unreserved	<u>\$ 372,017</u>

See notes to financial statements.

City of Ogden

City of Ogden
Notes to Financial Statements
June 30, 2004

(1) Summary of Significant Accounting Policies

The City of Ogden is a political subdivision of the State of Iowa located in Boone County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities, except for its component unit, the Ogden Municipal Utilities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's primary government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These primary government financial statements present the City of Ogden (the primary government) and exclude the component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its administrative office.

Component Unit

The Ogden Municipal Utilities (Utilities) was established to operate the City's electric and water facilities. The Utilities are governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and the Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

Jointly Governed Organizations

The City participates in four jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commission: Boone County Emergency Management Commission, Boone County E911 Service Board, Boone County Conservation Board, and the Red Rock Area Community Action Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

Capital Projects:

The Bike Trail Fund is used to account for the bike trail project.

The City reports the following major proprietary fund:

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system. Also accounted for in this fund are payments of principal and interest on the City's long-term sewer debt.

C. Measurement Focus and Basis of Accounting

The City of Ogden maintains its financial records on the basis of cash receipts and disbursements and the primary government financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the primary government financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City owns 560 shares of \$25 par value common stock of the Ogden Telephone Company, of which 140 shares (\$100 par value) were acquired by donation and another 420 shares were acquired by stock splits. In 1972, when the stock was donated, there was no market value, therefore it is not included in the cash and investments balance.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. At this time, the City had decided not to dispose of the stock due to market conditions.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all Category 1, which means the investments are insured or registered or the securities are held by the City or its agent in the City's name.

(3) Loans Payable

On December 4, 1998, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$220,000. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 5.25% per annum.

On December 15, 2000, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$130,000. The loan proceeds were used to help pay for the City's new fire truck. The City is obligated to repay the loan in annual installments of \$13,000 plus interest at 6.75% per annum.

On December 10, 2002, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$203,250. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 4.90% per annum.

Annual debt service requirements to maturity for loans payable are as follows:

Year Ending June 30,	Storm Sewer Loan		Fire Truck Loan		Storm Sewer Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 28,000	5,145	13,000	5,705	20,325	8,467	61,325	19,317
2006	28,000	3,675	13,000	4,827	20,325	7,471	61,325	15,973
2007	28,000	2,205	13,000	3,950	20,325	6,475	61,325	12,630
2008	28,000	735	13,000	3,080	20,325	5,493	61,325	9,308
2009	-	-	13,000	2,195	20,325	4,483	33,325	6,678
2010-2013	-	-	26,000	1,757	81,300	7,975	107,300	9,732
Total	\$112,000	11,760	91,000	21,514	182,925	40,364	385,925	73,638

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary

information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 5.93% and 8.90%, respectively. For the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively, and for the year ended June 30, 2002, the contribution rates for police employees and the City were 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$19,340, \$18,376 and \$17,964, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time, and holiday termination payments payable to employees at June 30, 2004, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 14,635
Compensatory time	9,205
Holiday	<u>137</u>
Total	<u>\$ 23,977</u>

This liability has been computed based on rates of pay in effect at June 30, 2004.

Sick leave is payable when used. It is not paid upon termination, retirement or death.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	<u>\$ 76,910</u>
Debt Service	General	<u>49,594</u>
Capital Projects: Truck	Special Revenue: Road Use Tax	10,000
Police Car	General	17,000
Park Restroom	General	<u>37,760</u>
		<u>64,760</u>
Total		<u>\$ 191,264</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(7) Related Party Transactions

The City had no business transactions between the City and City officials during the year ended June 30, 2004.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Self-funded Insurance

The City uses a partially self-funded medical insurance program accounted for in the General Fund. The self-funded portion is for the deductible only. The deductible is \$500 for individual policies and \$1,000 for family policies per covered employee/family per calendar year. The maximum payout per calendar year is \$6,000. Claims totaling \$1,385 had been paid through June 30, 2004, with no unpaid claims for a net maximum remaining liability of \$4,615.

(10) Fire Advisory Board

The City, in conjunction with six townships has created the Fire Advisory Board. The Board was established for the primary purpose of providing fire protection and emergency response services. The Board is composed of the Township Trustees, the City's Council members and the Fire Chief.

Township Trustees levy taxes to pay for their portion of the fire and emergency expenses based on population, annual average number of calls, and assessed value of real estate in the area served. The Townships reimburse the City for their portion of the expenses, including half of the payments for the fire truck; therefore, the City has an ongoing financial interest.

(11) Capital Lease

The City has a copier under an agreement that includes payment for service and supplies. Under this agreement approximately \$49 per month is paid for service and supplies. The remainder paid is classified as a capital lease payment given the terms of the agreement. The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are as follows:

	Year Ended June 30,	
Total future minimum lease payments	2005	\$ 600
	2006	600
	2007	600
	2008	600
	2009	500
		<u>\$ 2,900</u>
Less amount representing interest		(470)
Present value of future minimum lease payments		<u><u>\$ 2,430</u></u>

(12) Lease

The Library has entered into a lease agreement with Infomax for a copier. The lease expires January 24, 2007. Total lease payments during the year were \$1,200.

(13) Deficit Fund Balance

The Capital Projects, Bike Trail Fund had a deficit balance of \$51,612 at June 30, 2004. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated by a transfer in the next fiscal year.

The Capital Projects, L.P. Park Fund had a deficit balance of \$2,434 at June 30, 2004. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated through a transfer in the next fiscal year.

(14) Subsequent Events

In June 2004, the City approved issuance of \$2,000,000 SRF sewer revenue bonds for improvements to the wastewater treatment facility. As of June 30, 2004 none were issued or outstanding.

(15) Construction Commitment

The City entered into a construction contract for improvements to the wastewater treatment facility totaling \$1,931,000, none of which has been paid as of June 30, 2004.

The City also entered into construction contracts for street resurfacing and the city park toilet facility, totaling \$82,712 and \$52,445, respectively, none of which has been paid as of June 30, 2004.

(16) Prior Period Adjustment

The activity of several Capital Projects Funds was recorded in the General Fund in prior periods, misstating the current year beginning fund balances. The current year activity has been properly recorded in Capital Projects Funds and an adjustment was made to the beginning fund balances to bring the funds to the correct ending balances.

(17) Accounting Change and Restatements

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the City's financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

Required Supplementary Information

City of Ogden
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2004

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 438,019	-	438,019
Other city tax	133,289	-	133,289
Licenses and permits	2,422	-	2,422
Use of money and property	49,594	7,664	57,258
Intergovernmental	356,246	126,000	482,246
Charges for service	707	186,691	187,398
Miscellaneous	83,796	1,111	84,907
Total receipts	<u>1,064,073</u>	<u>321,466</u>	<u>1,385,539</u>
Disbursements:			
Public safety	218,541	-	218,541
Public works	244,698	-	244,698
Health and social services	16,922	-	16,922
Culture and recreation	139,866	-	139,866
Community and economic development	42,653	-	42,653
General government	124,161	-	124,161
Debt service	84,015	-	84,015
Capital projects	182,988	-	182,988
Business type activities	-	253,559	253,559
Total disbursements	<u>1,053,844</u>	<u>253,559</u>	<u>1,307,403</u>
Excess (deficiency) of receipts over (under) disbursements	10,229	67,907	78,136
Balances beginning of year	676,013	306,005	982,018
Prior period adjustment (note 16)	<u>1,875</u>	<u>(1,875)</u>	<u>-</u>
Balances end of year	<u>\$ 688,117</u>	<u>372,037</u>	<u>1,060,154</u>

See accompanying independent auditors' report.

Budgeted Amounts		Final to Net Variance
Original	Final	
435,126	435,126	2,893
103,894	103,894	29,395
2,325	2,325	97
78,830	78,830	(21,572)
1,358,586	1,358,586	(876,340)
190,950	190,950	(3,552)
13,500	13,500	71,407
2,183,211	2,183,211	(797,672)
228,839	228,839	10,298
265,437	265,437	20,739
17,400	17,400	478
146,440	146,440	6,574
16,000	43,000	347
138,705	138,705	14,544
84,028	84,028	13
115,686	260,686	77,698
1,090,682	1,090,682	837,123
2,103,217	2,275,217	967,814
79,994	(92,006)	170,142
932,448	932,448	49,570
-	-	-
1,012,442	840,442	219,712

City of Ogden

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$172,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted.

Other Supplementary Information

City of Ogden

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2004

	Special Revenue			Capital
	Employee Benefits	Truck	Police Car	Storm Sewer
Receipts:				
Property tax	\$ 76,910	-	-	-
Intergovernmental	-	-	-	15,153
Miscellaneous	-	-	-	160
Total receipts	76,910	-	-	15,313
Disbursements:				
Capital projects	-	-	-	58,359
Excess (deficiency) of receipts over (under) disbursements	76,910	-	-	(43,046)
Other financing sources (uses):				
Operating transfers in	-	10,000	17,000	-
Operating transfers out	(76,910)	-	-	-
Total other financing sources (uses)	(76,910)	10,000	17,000	-
Net change in cash balances	-	10,000	17,000	(43,046)
Cash balances beginning of year	-	-	-	-
Prior period adjustment (note 16)	-	30,000	7,500	51,614
Cash balances end of year - as restated	\$ -	40,000	24,500	8,568
Cash Basis Fund Balances				
Unreserved:				
Capital projects funds	\$ -	40,000	24,500	8,568
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ -	40,000	24,500	8,568

See accompanying independent auditors' report.

Projects		Permanent		Total
L.P. Park	Park Restrooms	Cemetery Perpetual Care	Cemetery Mausoleum	
-	-	-	-	76,910
-	-	-	-	15,153
-	-	883	-	1,043
-	-	883	-	93,106
-	4,102	-	-	62,461
-	(4,102)	883	-	30,645
-	37,760	-	-	64,760
-	-	-	-	(76,910)
-	37,760	-	-	(12,150)
-	33,658	883	-	18,495
-	-	41,805	17,462	59,267
(2,434)	30,000	-	-	116,680
(2,434)	63,658	42,688	17,462	194,442
(2,434)	63,658	-	-	134,292
-	-	42,688	17,462	60,150
(2,434)	63,658	42,688	17,462	194,442

City of Ogden
Schedule of Indebtedness
Year ended June 30, 2004

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
<hr/>			
Loans payable:			
Waste water treatment	Dec 1, 1989	7.50%	\$ 200,000
Storm sewer	Dec 4, 1998	5.25%	220,000
Fire truck	Dec 15, 2000	6.75%	130,000
Storm sewer	Dec 10, 2002	4.90%	203,250
Total			
Capital lease:			
Copier	Apr 13, 2004	7.42%	\$ 2,500

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
20,000	-	20,000	-	600	-
140,000	-	28,000	112,000	6,615	-
104,000	-	13,000	91,000	6,599	-
203,250	-	20,325	182,925	9,476	-
\$ 467,250	-	81,325	385,925	23,290	-
-	2,500	70	2,430	30	-

City of Ogden
Loan Maturities
Year ended June 30, 2004

Year Ending June 30,	Loans Payable						
	Storm Sewer		Fire Truck		Storm Sewer		Total
	Issued Dec 4, 1998		Issued Dec 15, 2000		Issued Dec 10, 2002		
	Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rate	Amount		
2005	5.25%	\$ 28,000	6.75%	\$13,000	4.90%	\$ 20,325	\$ 61,325
2006	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2007	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2008	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2009	-	-	6.75%	13,000	4.90%	20,325	33,325
2010	-	-	6.75%	13,000	4.90%	20,325	33,325
2011	-	-	6.75%	13,000	4.90%	20,325	33,325
2012	-	-	-	-	4.90%	20,325	20,325
2013	-	-	-	-	4.90%	20,325	20,325
Total		\$ 112,000		\$91,000		\$ 182,925	\$ 385,925

See accompanying independent auditors' report.

City of Ogden
Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds
For the Last Year

	<u>2004</u>
Receipts:	
Property tax	\$ 438,019
Other city tax	133,289
Licenses and permits	2,422
Use of money and property	49,594
Intergovernmental	356,246
Charges for service	707
Miscellaneous	<u>83,796</u>
Total	<u><u>\$ 1,064,073</u></u>
Disbursements:	
Operating:	
Public safety	\$ 218,541
Public works	244,698
Health and social services	16,922
Culture and recreation	139,866
Community and economic development	42,653
General government	124,161
Debt service	84,015
Capital projects	<u>182,988</u>
Total	<u><u>\$ 1,053,844</u></u>

See accompanying independent auditors' report.

City of Ogden

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Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting

To the Honorable Mayor and
Members of the City Council:

We have audited the primary government financial statements of the City of Ogden, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 4, 2004. Our report expressed an unqualified opinion on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Ogden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items III-C-04 and III-H-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ogden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Ogden's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-04 is a material weakness. Prior year reportable condition has not been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ogden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

November 4, 2004
Ames, Iowa

City of Ogden
Schedule of Findings
Year ended June 30, 2004

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements, including one material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Ogden
Schedule of Findings
Year ended June 30, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-04 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are not entirely segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

City of Ogden
Schedule of Findings
Year ended June 30, 2004

Part III: Other Findings Related to Statutory Reporting:

- III-A-04 Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- III-B-04 Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.
- III-C-04 Questionable Disbursements – Certain disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The disbursements noted were for refreshments.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

- III-D-04 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-E-04 Business Transactions – No business transactions between the City and City officials or employees were noted.
- III-F-04 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-G-04 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

City of Ogden

Schedule of Findings

Year ended June 30, 2004

- III-H-04 Deposits and Investments – The City's investment policy is not in accordance with the provisions of Chapter 12B and 12C of the Code of Iowa. The policy refers to outdated sections of the Iowa Code.

Recommendation – The investment policy should be revised to comply with these provisions.

Response – We will do so.

Conclusion – Response accepted.

- III-I-04 Financial Condition – The Capital Projects, Bike Trail Fund had a deficit balance at June 30, 2004 of \$51,612. The Capital Projects, L.P. Park Fund had a deficit balance at June 30, 2004 of \$2,434.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response – We will do so.

Conclusion – Response accepted.

- III-J-04 Debt Service Fund – Payments from the Debt Service Fund were not limited to the purpose set forth in Chapter 384.4 of the Code of Iowa.

Recommendation – In the future, debt payments made from the Debt Service Fund shall only be for general obligation debt or those required to be paid from the Debt Service Fund under a loan agreement.

Response – We will do so.

Conclusion – Response accepted.

- III-K-04 Telephone Company Stock – The City owns 560 shares of \$100 par value common stock of the Ogden Telephone Company, of which 140 shares were acquired by donation and another 420 shares were acquired by stock splits. Although, this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. The stock is not readily marketable, and thus no market value of the shares is determinable.